

**STATE OF DELAWARE**  
**STATE BOARD OF PENSION TRUSTEES**  
**AND**  
**OFFICE OF PENSIONS**  
MCARDLE BUILDING  
860 SILVER LAKE BLVD., SUITE 1  
DOVER, DE 19904-2402

**When Calling Long Distance**  
**Toll Free Number 1-800-722-7300**  
**E-mail: [pensionoffice@state.de.us](mailto:pensionoffice@state.de.us)**

**Telephone (302) 739-4208**  
**FAX # (302) 739-6129**  
**[www.delawarepensions.com](http://www.delawarepensions.com)**

**BOARD OF PENSION TRUSTEES**  
**AUDIT COMMITTEE**  
**MEETING MINUTES OF SEPTEMBER 17, 2010**

Audit Committee Members Present

Suzanne Grant, Chair  
Araya Debessay  
Mark Finfrock  
Susan Herrmann

Audit Committee Members Not Present

Harold Smith

Others Present

Wade Sallings, Pension Office  
Jeffrey Hoover, Pension Office  
Cindy Collins, DAG  
Andrena Hurley, State Auditor's Office  
Garry Musto, Ashford Consulting Group

KPMG

Joseph Seibert  
Sophia Smith

1. OPENING COMMENTS

The meeting of the Audit Committee of the Board of Pension Trustees was called to order by Suzanne Grant, Chair, at 9:30 a.m. S. Grant stated that Joel Poorman, former Audit Committee, Chair has officially resigned from the Audit Committee, and praised his length of service, contributions to the Audit Committee and loyalty during her transition period. S. Grant advised the Audit Committee that Robert Allen is no longer a Board Member and resigned his position on the Audit Committee. Mr. Allen's commitment to the Board of Pension Trustee's and contributions to the Audit Committee were recognized.

2. APPROVAL OF THE MINUTES

The Audit Committee reviewed the public minutes of the June 17, 2010 meeting.

MOTION made by M. Finfrock and seconded by

A. Debessay to approve the public minutes of the Audit Committee Meeting on June 17, 2010 as amended.

MOTION ADOPTED UNANIMOUSLY

The Audit Committee reviewed the executive minutes of the June 17, 2010 meeting.

MOTION made by M. Finfrock and seconded by S. Herrmann to approve the executive minutes of the Audit Committee Meeting on June 17, 2010.

MOTION ADOPTED UNANIMOUSLY

2. PENDING ITEMS (OLD BUSINESS)

MOTION made by M. Finfrock and seconded by S. Herrmann to move into Executive Session for the purpose of discussing confidential financial information, sensitive commercial information, and proprietary business information.

MOTION ADOPTED UNANIMOUSLY

3. FISCAL YEAR 2010 AUDIT DISCUSSION

J. Seibert stated that KPMG's procedural testing is 90% complete and now is into the reporting phase of the audit. He also noted KPMG expects to issue an unqualified opinion and will present to the Board of Pensions Trustees on September 24, 2010.

4. NEW BUSINESS

S. Grant stated with the departure of Joel Pooreman and Robert Allen that she would like to initiate a search for new members for the Audit Committee. A. Debessay mentioned the possibility of finding an Audit Committee member with an information technology background.

S. Grant suggested that during 2011 the Audit Committee may want to focus on several specific areas. Some areas under consideration include:

- Risk Analysis
- Organization and Operational Flow Charts of the Pension Office
- Northern Trust visit

- Ashford Consulting to provide an informational presentation related to the investment process, and an overview of current asset allocation and managers
- Information systems and interaction with the audit and financial oversight
- Review of internal compliance polices, reporting and oversight standards
- KPMG – Review of Audit Committee resources and educational oportuntites
- Education opportunities for Audit Committee Members

5. ADJOURNMENT

At 12:00 p.m. there being no further business,  
MOTION was made by S. Herrmann and  
seconded by A. Debessay to adjourn the  
meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Jeffrey L. Hoover  
Investment Financial Manager

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Suzanne Grant  
BOPT Audit Committee Chair

cc: Audit Committee Members  
Phil Reese  
David Craik  
Wade Sallings  
Cindy Collins